

Peres seen relieving Moda'i of power on package deal talks

By AVI TEMKIN
Post Economic Reporter
Prime Minister Shimon Peres has decided to relieve Finance Minister Yitzhak Moda'i of responsibility for negotiations on a package deal between the government, the Histadrut and the manufacturers, reliable sources told *The Jerusalem Post* yesterday. The sources added that Peres will deal with the talks himself from now on.

The prime minister's decision has caused tension between him and Moda'i, the sources said. "The finance minister is not exactly happy with the situation," they said.

Moda'i will now concentrate on budget matters, the sources said. He will still be involved in the package deal negotiations but will not have any decision-making power on controversial issues.

The three-way package deal is intended to slow inflation and salvage shrinking foreign-currency reserves.

Meanwhile, teams from the Treas-

ury, the Bank of Israel and the Manufacturer's Association yesterday continued to look for a compromise on the reduction of interest rates. The industrialists have demanded the reduction as a condition for their agreement to a package deal.

If a compromise on interest is reached, the government will ask the Histadrut to renew formal negotiations on a package deal.

Though some points are still undecided, the government will probably accept some of the labour federation's proposals on the deal. This would lead to an accord freezing prices and wages for three months and reducing interest rates. Wage earners would give up part of their cost-of-living increment, and some type of levy would be imposed on the self-employed.

But Histadrut Secretary-General Yisrael Kessar charged yesterday that the Treasury is doing everything possible to sabotage the package deal talks. His statement reflected

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Premier says package deal on the verge of being signed

By MICHAEL YUDELMAN
Jerusalem Post Reporter
TEL AVIV. Prime Minister Shimon Peres said yesterday that an economic package deal is on the verge of being signed "any day now" and that he will continue negotiating with all the concerned parties to obtain a deal acceptable to all.

In a stern and aggressive speech to the Labour Party's Central Committee meeting, which convened yesterday to elect a new party secretary-general, Peres dealt with economic as well as social political issues.

"The national unity government may not be ideal, but we've already made some progress in certain fields," Peres said. "The national style since we came into government has changed and Israel once again appears in the world as a normal, liberal, restrained, peace-seeking

country, battling huge problems without losing its humanity.

"Already there is less hatred and incitement in the public, following the government's change of tone," he said.

He said there was agreement in the government about the need to get out of Lebanon, despite the objection of one certain minister - he was alluding to Industry and Trade Minister Ariel Sharon.

Unless inflation is curbed and the economy set in a recovery program immediately, wages will erode dangerously in the following months, unemployment will increase greatly and entire sectors of the economy will collapse, Peres said. Reinstating economic growth and encouraging sophisticated modern industry must begin at once, he stressed.

Israel Bonds sales slump in wake of foreign press reports

By PINHAS LANDAU
Post Finance Reporter
Sales of Israel Bonds to U.S. institutional investors have slumped by one third, following publication of reports in the American news media that the Israeli government would accept an American offer of a six-month moratorium on repayments of interest and principal on Israel's debt.

Yehuda Halevy, president and chief executive officer of Israel Bonds, who is visiting Israel, told *The Jerusalem Post* yesterday that

total sales to institutions so far this year are at the \$100 million mark, compared with \$150m. in the corresponding period of 1983. Sales to individuals have fallen by only 10 per cent or so, from \$190m. to \$170m.

Halevy explained that the Bonds organization sells two sorts of bonds. The first, with a ten or fifteen year life span, and with the possibility of early redemption or sale in the secondary market, are sold primarily to Jews in the U.S. Halevy stressed that the fall in sales this year, at least as far as this sector is concerned, could still be recouped.

U.S. gives year's aid to Israel in one sum

The U.S. yesterday transferred to Israel \$1.2 billion, the entire U.S. aid grant for civilian purposes for the next fiscal year. This is the largest sum the U.S. has ever granted to Israel at one time, Kol Yisrael radio said.

In the past U.S. aid was split up into a number of payments over the course of the fiscal year, but this year Congress and the administration agreed to transfer the entire sum at the beginning of the U.S. fiscal year.

"In any event," he added, "the sales for 1983 were very high, since they showed no fall from the level reached in 1982, which was a war year." (In years when major hostilities have taken place, Bonds sales have always shown sharp gains.)

The second sort of bond issued, for five years and with no early redemption option, is sold to bank trust departments, pension funds and other institutional investors, on a strictly business basis, and with no emotional aspect.

When pressed to explain the reasons for the sharp slide in sales in

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Indira Gandhi (Aliza Auerbach)

Baram beats Harish in race for Labour sec.-gen.

By MICHAEL YUDELMAN
Jerusalem Post Reporter
After a neck-and-neck race with Knesset Member Michael Harish, MK Uzi Baram was yesterday chosen as the Labour Party's secretary-general. Baram received 358 votes, to Harish's 352.

The other two candidates, Histadrut central committee members Gideon Ben-Yisrael and Shaul Ben-Shimon, came far behind, with Ben-Yisrael getting 159 votes and Ben-Shimon 71.

"Despite Prime Minister Shimon Peres's declared neutrality there was an effort to create the impression that he supported Harish," Baram said afterwards. "It is to the honour

of the central committee members that they voted freely without being pressured on the issue."

More than 900 Labour Party central committee members turned out for the elections, filling Ohel Shem Hall in Tel Aviv.

Peres, in a speech to the committee before the elections, said that he would not intervene and would let every member vote according to his or her judgement. "Whoever wins will have my full support and assistance," Peres said.

Peres commended outgoing secretary-general Haim Bar-Lev, who had served the party for six years "with devotion, integrity, patience and grace." (Picture - Page 2)

Likud ministers cool to Peres's foreign policy

By DAVID LANDAU
Post Diplomatic Correspondent
The Likud's reservations over Prime Minister Shimon Peres's foreign-policy initiatives surfaced yesterday at the inaugural meeting of the Likud ministers' forum in the office of Vice Prime Minister and Foreign Minister Yitzhak Shamir.

Informed sources said Shamir intends to make a firm and forceful presentation of the Likud's positions on controversial policy issues when he addresses the Herut central com-

mittee in Tel Aviv this afternoon. Shamir, Deputy Premier David Levy, and Science Minister Gideon Pat of the Liberals all reportedly aired their dissatisfaction at the forum yesterday over Peres's moves on such matters as Tabat and the projected Palestinian bank in the West Bank.

The Likud ministers noted that the bank decision was taken - by Peres and Defence Minister Yitzhak

(Continued on Page 2, Col. 2)

Syrians want arrangement in S. Lebanon, Rabin says

By ASHER WALLFISH
Post Knesset Correspondent
Defence Minister Yitzhak Rabin said yesterday he had reason to believe that Syria would welcome an agreement with Israel on southern Lebanon.

Briefing the Knesset Foreign Affairs and Defence Committee, Rabin said that the U.S. was willing to act as a go-between to facilitate an understanding between Israel and Syria.

"The most we can wish for is to make the best of a bad job," Rabin said it would not be possible to work out any arrangement on Lebanon without Syria agreement.

"Direct agreement with Lebanon is out of the question," he said.

For that reason, Rabin explained, the only possible arrangement is to have the South Lebanon Army (SLA) along the border, with Unifil stationed alongside the SLA further north.

"There is no such thing as a good solution to the Lebanon question as far as we are concerned," he told the

committee. "The most we can wish for is to make the best of a bad job."

He said that while it was true that the Israel Defence Forces could pre-

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Gunned down by Sikh bodyguards Indira Gandhi slain, son is sworn in as PM

NEW DELHI (Reuter). - Indian Prime Minister Indira Gandhi was assassinated yesterday by three Sikh members of her bodyguard in apparent revenge for the storming of the Sikh Golden Temple by the Indian Army in June.

Within nine hours, Gandhi's 40-year-old son Rajiv was sworn in to succeed her as prime minister. Rajiv had been a general secretary of his mother's Congress (I) party since 1983 and had been groomed for the succession.

Officials said three Sikh guards attacked Gandhi as she was walking from her Delhi home to her office. Two were armed with a pistol and a submachine gun, and they were shot dead when fellow guards opened fire to defend Gandhi.

The officials said the third assailant was arrested.

Gandhi, 66, was hit by four bullets in the stomach and three in the chest. She was rushed to hospital and surgeons fought for two hours to save her life, but she died on the operating table.

"We have taken our revenge. Long live the Sikh religion. This is the act of the entire Sikh sect," a telephone caller told a foreign news

agency in New Delhi.

Four months ago, Gandhi ordered the army to storm the Golden Temple in Amritsar, the Sikhs' holiest shrine, to crush extremists who had been waging a violent campaign for a separate Sikh state in their Punjab homeland.

At least 800 people died in the June 6 battle.

The Press Trust of India (PTI) news agency said Gandhi's funeral was expected to be on Saturday and 12 days of official mourning would start today. Gandhi's body is to be cremated.

Security forces threw a cordon around the All-India Institute of Medical Sciences, the hospital where Gandhi died, and around her home as several thousand people gathered for news.

See stories - Page 4

Gandhi had been facing growing problems not only in Punjab but also in Jammu and Kashmir, a mainly Moslem state bordering Pakistan. She had successfully staved off calls for autonomy from opposition governments in Tamil Nadu state in the south and West Bengal in the east.

A senior official told reporters: "India was teetering on the brink of a precipice and Gandhi's sudden

removal from the helm may well push it over the edge."

He added: "She made enemies because of her firm handling of crises and her refusal to bow to pressure. But there was nobody to match her in holding India together."

Several Indian cities came to a virtual standstill. Crowds surged into the streets and most shops and businesses closed. Some people cried, others shouted "Long Live Gandhi" when All-India Radio announced she had been shot. There were reports of Hindus assaulting Sikhs on the streets of the capital.

Official sources identified two of the assassins as Bains Singh and Satwant Singh and said they were members of a special bodyguard known as the Delhi Armed Police Constabulary.

First reports had said there were only two gunmen and that they surrendered to security forces after shooting Gandhi. Officials later identified three killers and said they were all Sikhs.

In Amritsar, five Sikh high priests issued a statement condemning the murder and calling on people to maintain communal harmony.

Opposition leaders, expressing shock and anger at the killing, said Gandhi died because of a security breakdown at her southwest New Delhi home.

Assassination shocks the world

Jerusalem Post Staff and agencies

The Foreign Ministry yesterday voiced regret over the assassination of Indian Prime Minister Indira Gandhi and called it a "direct result of a wave of world terror."

The Foreign Ministry spokesman's office issued a statement saying "we are sorry about the death of one of the leaders of the Third World. This is a direct result of a world terror against which action must be taken."

Prime Minister Shimon Peres was sending a telegram of condolence to the Indian government, his spokesman, Uri Savir, said.

Israel has no diplomatic relations with India but has maintained a consulate in Bombay since the 1950s.

In London, British Prime Minister Margaret Thatcher, who narrowly missed death in an IRA bombing two weeks ago, sent a telegram to New Delhi condemning "this barbaric and treacherous deed."

Queen Elizabeth, head of the 48-nation commonwealth of Britain and its former colonies, sent Indian president Zail Singh a message saying she was "profoundly shocked... The world and the commonwealth have lost one of their most distinguished leaders."

In London's Southall district, home of some 75,000 Indians, shopkeepers and the Hindu temple shut their doors.

But some Sikhs were seen distributing candies, a sign of celebration, Press Association, the domestic news agency, reported.

In Washington, President Reagan and Secretary of State George Shultz visited the Indian Embassy yesterday morning to personally express condolences on Gandhi's assassination.

Reagan said earlier that Gandhi's "senseless murder serves as a vivid reminder of the terrorist threat we all confront."

Democratic presidential nominee Walter Mondale issued a statement declaring that Gandhi's death "is a blow to the cause of democracy throughout the world."

The Soviet news agency, Tass, in a brief statement described the assassination as "perfidious" and "villainous."

In a statement released by the

(Continued on Page 4)

Grief-crazed Hindus vent rage on Sikhs

NEW DELHI (AP). - At least 15 Sikhs were injured yesterday in violent clashes with Hindu mobs as Indians lamented the assassination of Prime Minister Gandhi.

Outside the hospital where Gandhi's body lay under heavy guard, a gathering of more than 100,000 mourners, mostly Hindus, erupted into violence between Hindus and Sikhs, some of whom earlier had been reportedly celebrating the assassination by passing out sweets.

Hindus beat Sikhs with rods and chains outside the All-India Institute of Medical Sciences, shouting, "Kill them, kill them," eyewitnesses reported.

The sectarian battles broke out after a member of Gandhi's gov-

erning Congress Party emerged from the hospital and told the crowd: "She is no more." Cries and sobs rose from the gathering.

In other areas of the Indian capital, tensions flared as the official announcement of the leader's death was broadcast on state radio. Arsonists destroyed buses and cars, while rampaging Hindus set fire to Sikh shops and attacked their shrines.

One Sikh shrine was set afire in New Delhi and eyewitness reports said Hindus attacked a second with stones.

At least 15 Sikhs were wounded, including one seriously, in street battles, according to one hospital medical duty officer.

"She saved the Sikhs from Pakistan during the war," charged one Hindu outside the hospital. "She gave them all the benefits and this is how this cursed community repaid her."

Punjab, where most of India's Sikh's live, borders rival Pakistan, with whom India has fought three wars in the last 37 years.

Sikh extremists, who have sought political and religious autonomy, had vowed revenge after Gandhi ordered the army into the Golden Temple, the holiest Sikh shrine, in Amritsar last June in a bloody assault that claimed hundreds of lives.

The Sikhs, a breakaway Hindu sect, comprise approximately 13 million of India's 740 million residents.

Violent clashes also were reported in other areas around the already strife-ridden nation.

Reports from at least three different cities in northern and eastern India said angry mobs clashed with stones and sticks as police were alerted to quell further antagonism between Hindus and Sikhs.

Eight buses and several tram cars were set afire in Calcutta, the United News of India reported, and Hindu youths set fire to two Sikh shops and assaulted some Sikhs in eastern Bihar state.

Sikhs were also attacked in Lucknow, the capital of Uttar Pradesh state, UNI said.

Collapse of \$30m. bid to buy troubled Danot company

By PINHAS LANDAU
Post Finance Reporter
TEL AVIV. - Yoram Gil, the head of an investment group whose attempt to buy control of the troubled Danot investment company collapsed yesterday, found that two major banks had quickly moved to foreclose on the \$15 million deposit it intended to clinch the deal - before the money could be returned to his own account.

This long-running saga of the troubled Danot investment company has entered a new, and even more complex, chapter in the last two days.

The investment group, led by Gil and Roland Kimche, announced that they were withdrawing from the \$30m. deal announced in July, whereby they were to buy control of Danot from its present owners.

Danot now faces an immediate cash crisis, since the \$15m. that Gil and Kimche had prepared for the first stage of the deal were destined to pay the company's debts to Bank Leumi, and the bank had allowed Danot to continue operating normally on the understanding that it would shortly receive the money.

The Danot story was already com-

plicated before the latest developments. But against the rapidly worsening economic background, and with the addition of the Gil debt problem, it is becoming far more involved.

The Danot investment company was founded in 1980 by 11 businessmen from Israel and abroad, including some leading Israeli industrialists such as Marc Moscovici of Elite, Dov Lautman of Delta Textiles, Yosef Pecker of Pecker steel and banker David Golan.

Although intended to invest in industry, its first major acquisition was the First International Bank, bought from the Eisenberg group in April 1980 for \$26m.

Later that year, Danot raised money on the Tel Aviv Stock Exchange to help finance that purchase and then it began to expand into other ventures through its subsidiary, Danot Investments.

Most of these investments, however, turned sour or took much longer to produce positive results than anticipated. Danot apparently also lost very heavily in the stock-market collapse of January 1983, and through the continuing slump on

the exchange that culminated in the bank-share collapse of October 1983.

Danot's statement for last year reported a loss of some \$70m, and the company fell heavily into debt at a time when interest rates shot up.

The early months of 1984 were marked by a steady flow of stories of cash-flow difficulties and rumours of a search for potential partners to inject new capital into the ailing firm.

Analysts suggested poor selection of investment projects and bad man-

(Continued on Back Page)

Bankruptcy menaces hotel industry

By HAIM SHAPIRO
Jerusalem Post Reporter
Four hotels that cannot pay their government mortgages are about to go into receivership and another two hotels are in serious trouble, with similar proceedings about to begin against them. This was confirmed yesterday by Shlomo Tal, director general of the Government Tourist Corporation.

Tal refused, however, to divulge the names of the hotels. "I don't want to harm them any more than we're doing already by taking this step," he said. "The minute it's known that they are going into receiver-

ship, they'll have all their channels of credit cut off."

The threatened hotels were built in the last few years. Their financial problems stem from their inability to repay full linked government loans.

It is quite possible, says Hertz Shalem, president of the Travel Agents Association, for a hotel to make a profit on paper and still not recoup its investment. Hotels with

The price of tourism—II

"rich daddies" in the form of large prosperous chains or wealthy owners willing to absorb losses, may be able to survive their troubles. But others will go under.

Widespread bankruptcy will be "catastrophic" for Israel's tourism industry, according to Moshe Amir, director of the Hotel Association.

"Tourists shun a country where hotels are having financial difficul-

ties," says Amir, pointing to a recent tourist slump in Puerto Rico as an example.

Amir says the problem is that the hotels only have five years in which to repay their fully linked loans. It is impossible for hotels to recoup their investment in that time, he said. In other tourism-oriented countries, such as Greece, Spain, France and Italy, hotels have 20 years in which

to repay their building loans.

A year ago the tourism minister appointed a committee to examine hotel prices and the possibility of lowering them. The study, which was to have been completed in three months, is still not ready.

But the ministry seems to have succeeded in forcing prices down at least one area by setting a ceiling for prices on some drinks sold in hotel lobbies. Maximum prices for such items as a cup of coffee, a cup of tea, beer, juice and soda are set with limits for each class of hotel. Ministry inspectors regularly check if the

(Continued on Page 4)

How to make sure you place your classified advertisement in time for tomorrow's Haluach Hehadash: Just take your ad to any advertising agency, or to an office of Ma'ariv or Ha'aretz (or call 03-439380) and it will run in Hebrew in those papers. Hand it in early enough to make sure it reaches the office of Haluach Hehadash before 4 p.m. and your ad will also appear in English in the Jerusalem Post. Beat that deadline!

The weather at major Swissair destinations

	31.10.84	MDL.	MAX.
AMSTERDAM	10 50 18 64	Clear	
BRUSSELS	12 54 17 63	Clear	
BIRMINGHAM	10 50 21 70	Clear	
COPENHAGEN	5 41 12 54	Bdr	
FRANKFURT	5 41 16 59	Cloudy	
GENEVA	5 37 9 48	Cloudy	
HELSINKI	5 41 9 48	Rain	
HONG KONG	20 68 23 73	Cloudy	
JOHANNESBURG	16 61 24 75	Cloudy	
LONDON	13 55 21 70	Clear	
MADRID	6 43 19 66	Cloudy	
MONTREAL	4 39 12 54	Cloudy	
NEW YORK	12 54 19 66	Cloudy	
OSLO	6 43 14 57	Cloudy	
PARIS	7 42 17 63	Clear	
PRAGUE	5 39 10 44	Cloudy	
SAPPAULO	21 70 23 73	Cloudy	
STOCKHOLM	4 39 14 57	Cloudy	
TOKYO	8 46 18 64	Clear	
TORONTO	5 37 14 57	Clear	
VIENNA	1 34 8 46	Cloudy	
ZURICH	5 37 9 48	Cloudy	

*For the latest weather conditions contact Swissair.

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THE WEATHER

Forecast:	Scattered Rain	Yesterday's	Today's
	Humidity	Min-Max	Min-Max
Jerusalem	63	14-21	19
Golan	61	17-21	19
Nahariya	55	14-19	17
Safed	55	14-19	17
Haifa Port	50	21-27	25
Thessalon	55	24-27	26
Nazareth	55	16-23	21
Afula	54	14-27	21
Shimon	64	16-24	21
Tel Aviv	62	18-24	24
B-G Airport	79	16-23	23
Jericho	47	20-29	27
Gaza	64	16-25	27
BeerSheva	55	16-24	24
Eilat	32	21-28	28

SOCIAL & PERSONAL

Knesset Speaker Shlomo Hillel yesterday received six members of the Swedish Parliament at the Knesset.

U.S. Senator Russel Long yesterday called on Jerusalem Mayor Teddy Kollek at City Hall.

Members of the Board of Governors of the Jewish Agency yesterday attended a special festive session of the Tel Aviv City Council to mark Tel Aviv's 75th anniversary, and were guests at a reception given by Mayor Shlomo Lahat at City Hall.

Isi Loonstein, Rotary Governor in Israel, will make an official visit to the Rotary club of Tel Aviv-Yafo at the Tel Aviv Hilton at 1.15 p.m. today.

ARRIVALS

Mr. and Mrs. Harold Schag-Montefiore, to celebrate the bicentenary of the birth of Sir Moses Montefiore.

In Memoriam

On the thirtieth day of the passing of Menahem Honig, a graveside ceremony was held yesterday at the Holon cemetery. Fellow Rotarians recalled the deceased's unique devotion and readiness to help his fellow citizens in a good cause.

ISRAEL BONDS

(Continued from Page One)

the institutional sector. Halevy said that following the publication of a pessimistic analysis of the Israeli economy in the prestigious *Wall Street Journal* - the "Bible" of the American finance and business community - the Israel Bonds organization had been inundated with cancellations of commitments to buy bonds, made previously by its regular institutional investors.

In many cases these buyers scaled down their purchases, from \$5m. to \$3m. or from \$3m. to \$2m. or \$1m. In some cases, however, the cancellations were outright.

We tried, and are continuing to try, to explain that Israel has never defaulted on any of its loans and, we believe, never will. We definitely think that the formulation and implementation of a firm anti-inflationary economic policy by the government will result in a sharp improvement in the way Israel is viewed by American business and news media. Following the enactment of such a policy, we hope we can make much of the erosion of the last few weeks and months," Halevy said.

Ursula Bloom, 91

LONDON (AP) - Ursula Bloom, Britain's most prolific romantic novelist who wrote more books than her better-known rival Barbara Cartland, has died at the age of 91, it was announced yesterday.

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November 1, 1984

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HOME NEWS

Two lawyers picked as receivers for Ata

By DAVID RUDGE and PINCHAS LANDAU
HAIFA. - An agreement was reached yesterday on the choice of two lawyers to run the near-bankrupt Ata textile concern for the next two months.

The two are Yaacov Ne'eman, former director-general of the Finance Ministry, and Yoel Solomon of Haifa.

Industry and Trade Minister Ariel Sharon has also asked industrialist Eliezer Peleg, of the Delta textile firm, to manage Ata in the interim.

Bank Leumi will today formally ask the Haifa District Court to appoint an "active receiver" for Ata and its retail subsidiary. The names of Ne'eman and Solomon are to be put forward for that post.

The government has agreed to give the receivers \$1 million, and

Bank Leumi, Ata's main creditor, will contribute another \$500,000 to ensure that the firm continues to produce.

The *Jerusalem Post* learned that Bank Leumi had not been keen to invest more money in the ailing textile concern, but agreed after pressed by the government.

The money is expected to enable the company to keep going for the next 1½ to two months, during which it is hoped a buyer will be found.

The question now is whether the receivers will try to implement recommendations of the Industry Ministry's inquiry team to dismiss up to 800 employees.

The main factory in Kiryat Ata had a deserted air yesterday with 70 per cent of the weaving machines shut down for lack of cotton.

Israel optimistic Syria to negotiate on security

By DAVID LANDAU
Post Diplomatic Correspondent

There was a general sense of optimism here yesterday, on the eve of renewed talks with U.S. Middle East Aide Richard Murphy over South Lebanon. Yet officials could not point to any specific indicator that either Syria or Lebanon had softened their stances and were drawing closer to a withdrawal and security accord with Israel.

Murphy, who flew in from Saudi Arabia earlier in the week, is to confer with Defence Minister Yitzhak Rabin in Tel Aviv this morning, and call on Premier Peres and Vice Premier Yitzhak Shamir in Jerusalem this afternoon.

He plans to go on to Damascus and Beirut, unless he is instructed to go to India to attend Indira Gandhi's funeral as part of the U.S. delegation.

Well-placed sources last night cited vague "signs" from Syria that the government there is indeed interested in negotiating - indirectly through the Americans - an unwritten understanding with Israel.

There were reports from UN sources in Washington yesterday that Lebanon had now dropped its insistence that projected military talks be considered sessions of the long-dead mixed armistice commission, a ploy that Israel flatly rejects.

LIKUD MINISTERS

(Continued from Page One)
Rabin - without being considered first in cabinet.

"There do seem to be certain efforts underway to deviate from previous policy," a source close to Shamir commented last night. "And naturally the Likud ministers are not pleased about it."

In Shamir's circle there is a feeling that Peres is "running too fast" in pursuit of a foreign-policy success. Members of this circle feel that moves to improve the quality of life in the West Bank could be "sold" to Egypt for a "higher price" - in terms of a concomitant improvement in Israeli-Egyptian relations.

Similarly, it is felt in this circle. Peres's apparent readiness to submit the disputed Taba issue to arbitration is too fast and facile - especially if the only quid pro quo is to be a summit meeting with Mubarak.

There is a thesis in this circle that Egypt is basically not interested at this time in improving ties with Israel: Its priorities now are mending fences with Iraq and Saudi Arabia following its rapprochement with Jordan.

Some of Shamir's advisers are also unhappy over the desire in the Prime Minister's Office and the Defence Ministry to cut through the procedure

ral hold-up delaying military talks with Lebanon.

Sources close to Peres rebut the charge of over-eagerness. They argue that the premier, passionately committed to advancing the peace process, is anxious to establish a new idiom and a new image for Israel's approach to aspects of the Israel-Arab conflict.

They dismiss the suspicion that Peres would trade a Taba arbitration for a Mubarak summit. On the contrary, they say, movement on Taba would have to be undertaken in a much broader context of overall improvement in the Israel-Egypt relationship.

The Likud ministers' forum heard reports from Finance Minister Yitzhak Moda'i and Industry and Trade Minister Ariel Sharon on economic developments - and resolved to meet regularly for in-depth consideration of specific issues likely to come before the cabinet.

A senior minister noted that this was a new experience for the Likud: In the previous two governments it had preferred not to meet in caucus. But since Labour had resumed its time-hallowed practice of convening "our ministers" - the Labour ministerial forum - each week, Likud had to follow suit.

Our sweet daughter and sister Renette Shafiq-Berger has passed away at the age of 32.

The funeral will take place at Nahlat Yitzhak Cemetery, Tel Aviv, today, Thursday, November 1, 1984, at 3 p.m.

Tamar Jacobs (Auerbach)
and Dr. Alvin
Adrielle, Aurianne
Udwin and Weiss Families

AD399-01-F21

We mourn the passing of

ARIE WEINBERG ז"ל

Former Chairman of the Management Committee
and express our condolences to the family.

Z.O.A. House
Tel Aviv

AD402-01-F21

The Weizmann Institute of Science
deeply mourns the passing of

Prof. MARK KAC

a devoted and active member of its Board of Governors,
and expresses its condolences to his family.

AD399-01-F21

With deep sorrow, we announce the passing of

Prof. HILLEL A. SHAPIRO

Johannesburg

Mourning by
His daughter, Janice, Jerusalem
His sons, Paul, Johannesburg
Roy, England
Ian, U.S.A.

His brothers and sisters, Louis, Haifa
Ethel, Cape Town
Erle, Johannesburg
Hetta, Haifa

The family in Israel and abroad

AD403-01-F21



Uzi Baram receives kisses and well-wishes at last night's ceremony installing him as Labour party Secretary General. (Andre Brutmann)

Reagan administration upset by Lewis remarks

By WOLF BLITZER
Post Washington Correspondent

WASHINGTON. - Administration officials yesterday expressed their irritation over the critical comments about President Reagan's 1982 Arab-Israeli peace plan made Tuesday by U.S. Ambassador to Israel Samuel Lewis at Tel Aviv University.

The State Department issued a formal statement noting that Lewis, a career diplomat who has served in Tel Aviv since 1977, "was not criticizing the substance of President Reagan's proposals."

The statement insisted "the press reports we've seen do not give a full, accurate account of his discussion."

The weight of his remarks was the missed opportunities by all parties during the past six years since the Camp David accords and peace treaty were signed, "the statement continued. The Administration and Ambassador Lewis remain fully committed to the President's peace initiative, which in our view offers the most promising and realistic approach to peace in the Middle East."

U.S. officials were surprised by Lewis's willingness to go public in criticizing Reagan's plan, although they noted that the envoy had occasionally spoken out bluntly on other issues in the past. "This is not the first time for Sam," one U.S. official said, suggesting that Lewis may have thought he was speaking off the record.

Regarding the Reagan plan, Lewis had said: "The timing, in my opinion, was abysmal, the tactics of presentation worse and the outcome, so far, nil."

White House officials were embarrassed and upset by Lewis's remarks, especially coming near the end of the presidential election campaign. The remarks were widely quoted in the American news media.

The flap has tended to reinforce the already widespread impression in Washington that Lewis is inclined to wind up his tenure in Tel Aviv after the upcoming presidential election.

State department officials yesterday insisted that Reagan and Secretary of State George Shultz maintain "full confidence" in Lewis.

Ciskei president at West Bank twinning

By JOSHUA BRILLIANT
Jerusalem Post Reporter

ARIEL. - Lennox Sebe, the president of the South African black homeland of Ciskei, came to this Jewish settlement in Samaria yesterday, visited its headquarters, travelled along dusty dirt roads to planned building sites, and then signed papers twinning Ariei with his capital, Bisho.

Israel recognized neither Ciskei, nor any other of the five so-called independent "homelands" in South Africa. But the authorities provided Sebe with an escort once he reached the Kafr Kassem area before proceeding beyond the pre-1967 line. Neither cabinet ministers nor South African diplomats attended the ceremonies.

Three Likud Knesset members, former finance minister Yoram Ariador, who has investments in Ciskei, Michael Dekel and Haim Kaufman, were at the ceremony in a small classroom here.

Sebe used the opportunity to urge Israelis to invest in his poverty-stricken country, noting they would have to pay only a 15 per cent tax once they take their profits out.

New boss at Zim

By YA'ACOV FRIEDLER

HAIFA. - The board of directors of the Zim shipping company last night decided to appoint Matty Morgenstern, 57, as general manager.

He succeeds Yehuda Rotem, who retired last month.

Israelis saving less and spending more

By AVI TEMKIN
Post Economic Reporter
Israelis are saving less than ever despite all government efforts to encourage savings. Only schemes offering linkage to the dollar are attracting the public.

Figures published yesterday by the Central Bureau of Statistics showed that the sums held by the public in savings accounts at the end of last May were 15.2 per cent lower than those deposited at the end of 1983. In fact, by the end of last May, savings balances had declined to their level three years ago.

The figures also showed that at the end of 1983, private savings constituted only some 22 per cent of total incomes, as compared with 27 per cent in 1982 and 34 per cent in 1981. According to the bureau, the drop

in the savings rate was explained by the decline in disposable income accompanied by a parallel increase in spending. Thus, Israelis are not only saving less, but also depleting past savings to finance current consumption.

The public is also less willing to save in shekel-denominated assets and increasingly prefers to invest in dollar or dollar-linked schemes.

Thus, at the end of 1983, the sums deposited in dollar-linked saving schemes represented some 15 per cent of the total balances of saving schemes. In 1980 these schemes represented only 9 per cent of the total.

Saving schemes offering linkage to the dollar or to the price index also underwent an increase. They rose from 3 per cent of savings schemes deposits in 1981 to some 12 per cent last year.

Two defendants found guilty in disinterment of Anghelovici

REHOVOT (Jtm). - Meir Agassi and David Ehrenfeld were found guilty by the Rehovot Magistrate's Court here yesterday of removing the remains of Tereza Anghelovici from her Rishon LeZion grave and dumping them in a Moslem graveyard in Ramle.

Agassi and Ehrenfeld, both 34, were convicted of conspiring to commit a misdemeanor, violating health regulations by their act, trespassing on the Rishon and Ramle cemeteries and breach of trust for using the vehicle of the Rishon LeZion burial society, where they were employed, to transfer the body.

Anghelovici's body was taken from her grave in the Jewish cemetery in Rishon last March following objections by Haredi (ultra-Orthodox) circles to her burial there, because she had been born a non-Jew and had never undergone a Halachic conversion.

Court president Shlomo Yifrah excoriated the two men for the numerous lies in their testimony. "You could fill a book with their lies," he declared.

But the other two judges who heard the case, Sarah Frisch and

Yehuda Farago, criticized Adina Harpaz, Anghelovici's daughter, who was a central witness in the trial, for telling the burial society that her mother was Jewish. She must therefore bear "no small share" of responsibility for the senseless hatred stirred up by Anghelovici's burial, they said.

Describing the defendants' testimony as "tawdry," Yifrah rejected their claim that they were "carrying out a religious mission" and that they had intended to bury Anghelovici "in the place deserving of her religion." He said that the two defendants had talked a lot about respecting the dead, but their acts spoke differently.

In their reasoned judgement, Frisch and Farago wrote that they believed the defendants' declarations of respect for the dead woman. They had acted illegally, the judges said, but out of religious motives. Unlike Yifrah, the two judges also excoriated the two men for the numerous lies in their testimony. "You could fill a book with their lies," he declared.

But the other two judges who heard the case, Sarah Frisch and

5 tourists die in Sinai crash

EILAT (Jtm). - Five German tourists were killed and 27 others injured when the bus they were travelling in went out of control and flipped over several times near Nuweiba in Sinai yesterday afternoon.

The tourist group left Israel yesterday morning on an Egyptian bus via the Tabah border crossing for a one day trip in Sinai. The accident, in which all the passengers were hurt, occurred at around 5 p.m.

In Israel, two persons were killed in road accidents yesterday. A 16-year-old boy cyclist was killed when he passed two Egged buses in Derech Petah Tikva in Tel Aviv and collided with an oncoming bus.

A Kiryat Bialik man, 39, was fatally injured yesterday after the car he was driving collided head on with another vehicle in the Haifa bay area. He was taken to Rambam Hospital, where he died.

In deep sorrow, we announce the death of
the dear head of our family,
my devoted husband, our father, grandfather

ERNST HAMBURGER ז"ל

The funeral will take place today, Thursday, November 1, 1984, at 4 p.m., at Kfar Shmaryahu Cemetery. A bus will be available for those attending, at the corner of Yehuda Halevi and Yavne Streets, Tel Aviv, at 3 p.m.

Mourners:
Wife, Margot Hamburger
Children, Gideon, and Hana Hamburger
Yair, and Ilana Hamburger
Nurit, and Joab Manor
Grandchildren and Great-grandchildren
Susan Naumann, and the Family

AD399-01-F21

We mourn the death of our
dear Director

ERNST HAMBURGER ז"ל

and offer condolences to the family.

Employees of
Hamishmar -
Insurance Service Ltd.

AD397-01-F5

To MARGOT HAMBURGER
and all the house of HAMBURGER-MANOR
We share your grief on the death of the
dear head of your family,
the Chairman of the Board of our company

ERNST HAMBURGER ז"ל

Management and Staff
Shiloah Insurance Co. Ltd.

AD404-01-F21

To our dear

MARGOT, YAIR, GIDEON and NURIT

and to all the HAMBURGER-MANOR FAMILY
Deepest sympathy on the death of your beloved

ERNST HAMBURGER ז"ל

Pnina and Roger Marks

AD401-01-F5

We offer condolences to
MARGOT, GIDEON, YAIR and NURIT
and to the HAMBURGER-MANOR FAMILIES
on the death of your husband, father,
the Chairman of the Board of our company

ERNST HAMBURGER ז"ל

Management and Staff
Harel Insurance Co. Ltd.

AD399-01-F10

Harel Hamishmar Investments Ltd.
mourn the death of their
Board Chairman

ERNST HAMBURGER ז"ל

and offer sympathy to the family.

AD403-01-F21

Rabin approves Arab bank in territories

By ARYEH RUBINSTEIN
Post Knesset Reporter

Defence Minister Yitzhak Rabin said yesterday that his ministry has agreed, in principle, to permit local Arab entrepreneurs to open a bank in Judea and Samaria.

He was replying to a motion for the Knesset agenda by Gershon Shafat (Tehiya), who opposed the opening of such a bank.

Uzi Landau (Likud-Herut) later issued a press communique denouncing the proposed bank as a plot designed to enable the PLO to return to a position of influence in Judea and Samaria.

Rabin said that it was the ministry's policy to enable the Arab residents of the territories to improve their standard of living and their conveniences. But nothing would be done that would clash with the conception of a political solution to the problem of controlling the territories held by any of the components of the government.

The bank would be established and operated by residents of the territories, Rabin said. The matter of the American investment group previously rumored to be involved in setting it up was irrelevant to the bank question, he told Shafat, who had raised the point. "I don't know exactly who will be making the decisions."

Rabin said that the bank's activities would be under the surveillance of the Bank of Israel, which would be on the alert for security and risks.

After the bank's establishment,

the ministry would not object if other elements, including those from abroad, use it as an investment channel, Rabin said.

He said it was important to enable the inhabitants of the territories to improve their living conditions, while maintaining the principle that the inhabitants themselves must be the principal actors in any such plan.

But Rabin took pains to stress that the ministry would ensure that the present legal and political status of the territories was not affected by the bank's establishment. Any change in these areas would be initiated only by a government decision.

He said that his predecessor, Moshe Arens, deserved credit for having been the first to deal "with what is called, for some reason 'improving the quality of life' in the territories."

Ran Cohen (Citizens Rights Movement) moved that the motion opposing the bank's establishment be struck from the agenda. He said that Tehiya wanted to annex the territories, not to develop an independent economic infrastructure there for the inhabitants.

Shafat said that the American sponsors of the bank are connected with a Jewish-Palestinian peace group, and their motives are certainly suspect. Their real object was in fact to use the bank for the transfer of PLO funds to Judea and Samaria.

Naming names, Landau said that the local sponsors of the bank either belong to the PLO or are subject to

its influence. And its most prominent American sponsor is former secretary of state Cyrus Vance, "who infuses the pro-PLO spirit of the Carter administration into the American participants."

The motion was referred to the Foreign Affairs and Defence Committee.

University fees
Education Minister Yitzhak Navon said yesterday that raising university tuition fees does not cause students to drop out. He expected that a decision on the amount of the increase would be taken next Sunday or Monday.

Replying to a motion for the agenda by Jacques Amir (Alignment-Labour), Navon said that, in principle, the government should certainly accept the recommendations of the Katzav committee, which it itself had appointed. But in view of the economic emergency and the erosion of tuition fees since the issue of the report, he favoured "a certain increase" in the fees, preferably based on an agreement by all parties involved.

Development towns
Industry and Trade Minister Ariel Sharon (Likud-Herut) said yesterday that the prime minister and a team of economic ministers have approved his plan to allocate \$200-\$250 million for the establishment of export industries in development towns.

Replying to a motion for the agenda by Aharon Nahmias (Alignment-

Labour), Sharon said that one condition of the plan will be that plant construction be begun immediately. "It is important that the people living in these towns see the factories going up," he said.

Sharon said that he is scheduled to meet on Sunday with the mayors of all development towns to show them the list of the enterprises to be established in their localities. The mayors will be asked to help in the effort to find investors.

"I don't think that there will be a single place on the map of development towns that won't have industry," he said.

He declared his intention to make this one of the major areas to which he will give his attention in the next few years.

Keeping the elderly warm
Some 10,000 households of elderly persons will benefit from government aid to keep their flats warm this winter, 2,400 more than last year, Moshe Katzav, Minister of Labour and Social Affairs, said yesterday. Preference will be given to residents of areas defined as "very cold."

Replying to a motion for the agenda by Yair Tzaban (Mapam), Katzav said the ministry has earmarked some \$300 million for this purpose. The project will be carried out with the help of local departments for social services, local services for the elderly and by voluntary organizations. In addition, the fuel companies will supply the needy elderly with kerosene at reduced prices.

Reform rabbi urges boost for Zionist Orthodox yeshivot

By JUDY SIEGEL
Jerusalem Post Reporter

If modern Orthodox yeshivot here and abroad get a financial shot-in-the-arm from the Jewish Agency, they may have an unusual advocate to thank - a Reform rabbi.

Rabbi Richard Hirsch, a prominent Israeli Reform rabbi, yesterday urged the Jewish Agency and the World Zionist Organization to give more money to modern Orthodox institutions.

Hirsch, who represents the World Union for Progressive Judaism on the Executive, said that Zionist Orthodox schools should be helped to counter the anti-Zionist or non-Zionist Orthodox schools.

The issue of Agency and WZO funding for Orthodox educational institutions - yeshivot for newly Orthodox Jews in Israel and yeshiva day schools abroad - was raised at the Agency's board of governors meeting in Jerusalem.

Avraham Avihai, world chairman of Keren Hayesod, opened the discussion, asking how much money was distributed to schools and yeshivot where the *Hatikva* is not sung and where the State of Israel is maligned.

Hirsch said that although he is a Reform rabbi, he understands that Orthodoxy is not monolithic, and that while some religious Jews oppose Zionism, many support it.

Yitzhak Meir, chairman of the WZO Department for Tora Education and Culture in the Diaspora, who was asked to give a survey of its activities, defended Orthodoxy, saying that most Orthodox groups recognize Israel as a "fact of life."

He added that most funds distributed to anti-Zionist yeshivot come through his department but from the Jewish Agency itself.

Agency Executive chairman Arye Dulin said the Agency's job is to preserve Jews and boost

Jewish education and it will continue to do so, even if the schools oppose the Jewish state.

Exact figures were unavailable on the extent of WZO and Agency support for these yeshivot.

But board chairman Jerrold Hoffberger asked officials to investigate whether the last Agency Assembly had only mentioned, or in fact passed, a resolution banning aid to anti-Zionist institutions. No decisions were made on the matter.

The board also received a report on aliya from countries where the Jews live in a situation of "distress."

Neither Finance Minister Yitzhak Moda'i nor Economics and Planning Minister Gad Ya'acobi was able to appear before the board, which had asked for one of them to explain the Israeli economic situation. Officials of the Agency hope that one or the other will appear today, before the scheduled speech in closed session of the board by Prime Minister Shimon Peres.

GSS didn't investigate Katz murder

HAIFA (Itim). - The General Security Services did not participate in the Danny Katz murder investigation, Rav Pakad Dov Ganor, head of the police special investigations unit, told the Haifa District Court yesterday.

But the GSS did supply some information when asked for assistance at a Haifa meeting, Ganor said.

Pakad Shaul Ezra of the investigations police team told the defence counsel for suspect Ahmad Kuzli that the GSS also did not assist in his interrogation. Kuzli's attorney insisted they had helped in "softening up" his client.

Cross-examined by suspect Samir Janama's counsel, Ezra also denied charges he had written out an Arabic-language confession for Janama to sign. Janama's counsel argued that his client could not have possibly written his confession as he is not entirely literate in written Arabic, Ezra, he said, had, in contrast, been born in Egypt and had passed a *bakura* (matriculation) examination in Arabic.

Police stake-out leads to drug bust

By MENAHEM HOROWITZ
Jerusalem Post Reporter

KIRYAT SEIMONA. - The Galilee police recently confiscated 205 kilograms of hashish and arrested three men in a stake-out at the northern border.

The unit, under the command of Rav Yitzhak Bashan, set up the stake-out after learning that a large drug transfer from Lebanon was about to take place.

The police saw a Volvo with Israeli plates drive up to the security fence near Moshav Ramot Naftali. Two men got out of the car and collected eight sacks that had been

thrown over the fence from the Lebanese side. After loading the sacks into the car, the men drove toward Kibbutz Malkiya.

They were met in the fields of the kibbutz by a truck, the driver of which helped them to transfer the sacks. At this point the police made their arrests and confiscated the hashish.

The three men are Rahamim Marciano, 26, of Haifa, Avraham Hemo, 27, of Haifa, and Avraham Marciano, 25, of Rishon LeZion.

A Nazareth judge ordered them held until the end of the proceedings against them.

Hapoel PT gets technical win, 2-0

By PAUL KOHN
Post Sports Reporter

TEL AVIV. - The Football Association disciplinary committee last night awarded Hapoel Petah Tikva a 2-0 technical win over Maccabi Netanya after a plastic bottle filled with water was thrown at a linesman in a soccer match in Netanya last Saturday.

The FA committee blamed Netanya for the incident and

ordered that one of its home games be played at least 50 kilometres from the town, and without spectators.

Saturday's league game was stopped by the referee after 42 minutes when the score stood at 2-2. Just before the referee had overruled his linesman to give Maccabi Netanya its second goal, a plastic bottle filled with water was then thrown from the stands hitting the linesman and forcing the referee to halt the game.

Bethlehem U. shut after more student disturbances

Jerusalem Post Reporter

The Judea and Samaria civil administration yesterday ordered the closure of Bethlehem University for four days following several days of stone throwing by students.

The deputy director of the university, Dr. Anton Sansour, was summoned to the local military government and informed that the Vatican-supervised institute would not be permitted to re-open until Monday.

The student unrest follows the rocket attack on an Arab bus in Jerusalem last Sunday in which one person was killed and 11 were injured.

Earlier yesterday students threw stones again at passing Israeli cars. On Tuesday, there was a violent confrontation between the Israel Defence Forces and students on the campus, during which soldiers used tear gas.

Meanwhile, although the curfew on the Dehaishe refugee camp was lifted Tuesday night, Rabbi Moshe Levinger of Hebron and several of his followers demonstrated outside the camp yesterday to protest against rock throwing by the residents.

Man held for torching Jlem policewoman's car

A Jerusalem man was arrested yesterday on suspicion of torching the car of a policewoman with whose brother he had quarrelled.

The car, belonging to policewoman Sima Micha, was set on fire around 3 a.m. yesterday in the Nahlaot neighbourhood. Soon afterwards, the police arrested a 23-year-old resident of the neighbourhood, who allegedly confessed. (Itim)

Report says nation lacks culture of dissent

By D'VORA BEN SHAUL
Jerusalem Post Reporter

There is a total lack of a "culture of dissent," which is "threatening the very existence of Israel," says a report submitted this week to the Education and Culture Ministry.

"In Israel there are no ground rules, no agreed limits and no guidelines as to just how far one may go in disagreeing with an opponent," says the author, David Dishon, a research fellow at the Shalom Hartman Institute in Jerusalem.

And he warns of the danger posed by this lack of tolerance, understanding and, indeed, even willingness to listen to those who disagree on any vital matter.

Dishon's study was commissioned

by former education minister Zevulun Hammer after the murder of Emil Grunzweig in February 1983 at a Peace Now demonstration brought the problem of internal dissent to a head. He feels that the riots during the evacuation of Yamit in 1982 and the Grunzweig murder were merely the tip of the iceberg.

Dishon says that certain Orthodox elements are sometimes prime offenders against tolerance and understanding.

In an interview with *The Jerusalem Post*, Dishon pointed to the extreme polarization of Israeli society with its political, ethnic, social, religious and, of late, economic opposing camps.

He fears the modern state of Israel

may crumble from within unless people learn to view their opponent as a partner in an undertaking and not as an obstacle to be removed at all costs.

Dishon, who came to this country in 1973 from the U.S., also outlines a plan for the encouragement of dialogue in the schools - "not speeches... dialogue," he says.

"Modern Israel has not developed the cultural tools to deal with dissent," he maintains. "But in our long history, we Jews have examples of having learned to do this. The Hillel and Shammai schools show how debate and dissent were a part of Jewish life and even minority opinions are recorded in the Talmud."

GSS agent testifies:

'Terror defendant may not have intended to blow up buses'

A General Security Services agent yesterday confirmed that during searches for bombs placed on buses by members of the Jewish terror group, defendant Shaul Nir told him

the licence number of one bus. The agent added that Nir "may have said" that the group did not actually intend to have the bombs go off.

Nir's lawyer argued that the defendant had memorized the licence numbers of all the buses because he intended to give notice of where the bombs were.

The GSS agent, known by the pseudonym "Siegel," testified in the hearing on admissibility of evidence in the trial.

"Siegel" said that on the night the bombs were set, the investigators were led to the buses by Nir to make sure the bombs did not go off, and that police sappers had followed to defuse the bombs. Asked about Nir's contention that GSS agents had got to the buses before him, meaning he wasn't needed to find them, "Siegel" said there were several places of which the agents had not known, but had been directed to them by radio.

Defence attorney Dan Avi-Yitzhak then asked: "Do you remember the subject of a conversa-

tion between you and Shaul, about the bombs exploding if they were not pointed out?"

Siegel responded: "It's possible." Avi-Yitzhak asked: "Do you remember that Shaul gave the number of a bus, and you asked him how he had remembered it, and he said that he learned them by heart in order to give a warning?"

Siegel responded: "I remember something like that being said about one bus. I don't remember it being said about them all. I don't remember him giving that explanation for remembering. It's possible he said their whole intention was to make noise and not to have the bombs really blow up."

The witness also said he had not received permission to offer any of the suspects the status of state's witness, nor had he given such permission to any of the investigators. (Itim)



Surgeons at Rothschild Hospital in Haifa implant pacemaker in premature baby yesterday. (Israel Sun)

Baby with rare heart defect saved

By DAVID RUDGE
Jerusalem Post Reporter

HAIFA. - Doctors at the Rothschild Hospital here yesterday saved the life of a premature baby whose extremely rare congenital heart defect was diagnosed in the womb.

The child was born by Caesarian section yesterday and immediately underwent an operation to install a temporary pacemaker on his heart. It was reportedly the first operation of its kind in the country.

Both operations went smoothly and the little boy was last night said to be in satisfactory condition. Doctors are conducting tests to learn whether his heart has any structural defects. If not, his chances of survival are said to be excellent.

The defect, which occurs in one in 27,000 live births, was discovered

when the mother was referred from Poriah Hospital in Tiberias to Rothschild, which has the only fetal echocardiograph facility in Israel.

Dr. Yisrael Shapiro, a gynecologist specializing in this field, found that the fetus had a complete atrioventricular block - a disturbance in the electrical impulses between the chambers of the heart.

The defect in many cases is associated with cardiac insufficiency and is usually fatal before birth.

Shapiro's examinations, however, revealed no structural heart defects and it was decided to wait until the fetus had developed sufficiently before inducing birth and carrying out operation.

In the meantime, the staff of the ecology department, led by Pro-

fessor Mordechai Sharf, prepared for the Caesarian section and for the installation of a temporary pacemaker. This latter operation was carried out by Dr. Edward Abinader, head of Rothschild's cardiology department.

After the baby was born, a cathode with a tiny electrode attached to the end was inserted through the femoral artery until it reached the heart. It was then connected to an external pacemaker, which began to regulate the child's heart beats.

The doctors hope that if the boy does not have any structural heart damage, the impulse blockage will cure itself in the course of the next few days. If not, a permanent pacemaker will have to be implanted.

Zamir asks police to enforce law against praise of terror

Jerusalem Post Staff

In the first attempt to enforce a 1948 law forbidding verbal support of violence, Attorney-General Yitzhak Zamir yesterday asked the police to investigate reports that Knesset Member Meir Kahane had praised the attackers of an Arab bus, the Justice Ministry spokesman announced yesterday.

The announcement came a day after Justice Minister Moshe Nissim and Energy Minister Moshe Shahal agreed to have the government submit a law in the near future forbidding racist incitement.

Kahane, leader of the Kach movement, reportedly called the perpetrators of the missile attack on an Arab bus in Jerusalem on Sunday "brave Jewish men" and expressed understanding of such acts. One man was killed in the bus attack and 10 persons were injured.

Zamir noted that such praise of a terrorist murder was apparently a violation of the 1948 Order for Prevention of Terror. Article 4a of the order states that a person who "makes public, orally or in writing, praise, sympathy or support of violent acts likely to cause death or injury, or threats of such violence" is punishable by three years in prison.

This article of the law has never been enforced, the Justice Ministry spokesman said. But because of the recent increase in cases of public praise of terror, the attorney-general had decided to ask the police to investigate such cases.

The law against racism to be submitted to the Knesset by the government would forbid incitement against an individual or group because of their race or religion. Shahal and Nissim agreed Tuesday.

In his meeting with Nissim, Shahal also suggested quick action be taken to pass a law outlawing political groups that oppose a democratic regime in Israel, the government spokesman said. The law would also forbid political representation for such a group.

Off-peak electric switch

Jerusalem Post Reporter

HAIFA. - Another 400 heavy consumers of low-tension power will today switch to the Electric Corporation's off-peak tariff, thereby easing demand on the national network, the IEC spokesman said yesterday.

There are 1,000 big consumers using the off-peak tariff, and together they use 50 per cent of the country's electricity production.

AACI launches price-patrol scheme

By MARTHA MEISELS
Post Consumer Reporter

TEL AVIV. - Consumer action at the grassroots level got off to a fresh start this week with the publication of "Consumer Survey No. 1" from the southern region of the Association of Americans and Canadians in Israel. The survey compared prices at the Hyper-Kol and Super-Shuk stores in Beersheba on October 31, and found Hyper-Kol "by far cheaper" for basic overall grocery shopping.

Although the Beersheba project was taken by local initiative, it could be considered the first tangible result of AACI's national policy of getting involved in consumerism at the community level. Plans are under discussion at the national executive and various regional offices. *The Jerusalem Post* has learned.

On a predetermined list of 18 items, Hyper-Kol was less expensive on 13 of them, the survey found. When two brands of disposable diapers were excluded from the respective bills Hyper-Kol (which belongs to the Super-Sol chain) comes out 6 per cent cheaper than Super-Shuk (of the Co-op chain). With the diapers included, the differential was only slightly in Hyper-Kol's favour.

However, the survey says prices of some "big-ticket" items, particularly disposable diapers, are very volatile, with huge fluctuations from week to week even at the same chain. It proposes setting up a "hotline" at AACI headquarters for diaper consumers to develop a "user-network" on prices.

The director of the AACI consumer survey in Beersheba is a former New Yorker, Arnold Schlissel, who works in public relations at Ben-Gurion University and describes himself as the main shopper for his family of four. He was encouraged in the project by the AACI director for the southern region, Raft Freeman, another former New Yorker.

Schlissel said the main aim of the consumer surveys is informative, "so that people will know where to shop in relative peace-of-mind as to prices." He said other outlets will be included in future weekly surveys, such as Shekhem and even the Beduin market, which he said deserved to be investigated - especially for household detergents.

Another idea is to determine what Schlissel calls "baseline prices" in dollars, particularly so that consumers can know whether a sale offer is really a bargain.

Yeroham man murdered by drinking companions

BEER-SHEVA (Itim). - A 44-year-old Yeroham resident was found dead in an abandoned Yeroham apartment yesterday, the apparent victim of a drunken brawl.

The man, Shimon Harman, an alcoholic with a criminal record for passing bad checks, was killed by severe blows to the head and face. The police are holding two brothers, one from Dimona and the other from Yeroham, as suspects.

The three had apparently been drinking heavily together when a fight broke out between them. But, at last report, the police had been unable to rouse the suspects from their drunken stupor to interrogate them.

THE HEBREW UNIVERSITY OF JERUSALEM

The Faculty of Social Sciences
Programme of Sex Differences in Society

A lecture and discussion on the subject:

Is it Possible to Achieve an Integration of Work and Family in the Life of the Israeli Woman?

will take place on Wednesday, November 7, 1984 at the Van Leer Institute, Kikar Einstein, Jerusalem at 8.30 p.m.

Speakers:

Dr. Dvora Yizraeli
Sociology Department, Bar-Ilan University
Prof. Amia Lieblich
Psychology Department, Hebrew University
Chairperson: Prof. Galia Golan

Lectures will be given in Hebrew.
Series sponsored by U.S./Israeli Women to Women.

Indira Gandhi—born to politics and power

NEW DELHI (AP). — In the way that some people are born to wealth and others to position, Indira Priyadarshini Nehru Gandhi was born to politics and power.

Her grandfather, Motilal Nehru, was an early leader of the Indian independence movement. Her father, Jawaharlal Nehru, led the infant nation as prime minister through its first 17 years following independence from Britain in 1947.

Gandhi won the country's top elected post four times, and, as those before her, she groomed her children to follow in her path, sparking protests of "dynasty."

Her years as leader of India's masses were turbulent. Her supporters spoke of her "political genius" and of the "Gandhi magic." Her detractors called her a dictator and said she knew little about politics, only about power, and cared little about India, only about remaining in power.

As prime minister, Gandhi led India into the nuclear age (1974, when it exploded an underground nuclear device) and into the space age (1980, when it launched its own satellite on its own rocket). Yet she couldn't lead it out of the bullock-cart age.

Her governments made limited headway against the age-old Indian problems of hunger, poverty, caste, basic sanitation and soaring population. There were bitter, often violent controversies over spiraling prices and charges of widespread official corruption and the imposition of a "national emergency."

The high point in Gandhi's popularity came in late 1971, when the Indian army moved against Pakistani troops trying to quell the independence movement in then East Pakistan. The victory created Bangladesh and earned Gandhi the adoration of the Indian masses.

But the war, with its millions of refugees, damaged the Indian economy. Drought and famine followed, the already-low Indian standard of living worsened and Gandhi's popularity faded. Frustration coalesced into a popular movement in 1974 led by Jayaprakash Narayan, an elderly intellectual and one-time Communist.

On June 12, 1975, the high court in Gandhi's home city of Allahabad ruled in a case brought by a defeated political opponent that she had illegally used the services of government officials in her 1971 election campaign. The verdict carried a mandatory six-year ban on holding elective office, but the supreme court stayed the ban pending appeal.

Two weeks later, reacting to demands that she resign, Gandhi declared a national emergency. Narayan and thousands of other Gandhi opponents were jailed, civil rights were curtailed and rigid censorship clamped on the press.

During the next 21 months, her regime tightened governmental powers of preventive detention, forced many unwilling people to undergo sterilization operations, destroyed tens of thousands of slum houses in "beautification" campaigns and retroactively rewrote the Indian constitution to make it all legal.

Gandhi unexpectedly ended the emergency and called elections in 1977. But the draconian measures, particularly the sterilization campaign, brought a crushing defeat that gave the prime ministership to her old rival, Morarji Desai.

Gandhi remained active and tried to reassert control over the Congress party. Rebuffed, she mobilized her supporters and formed a new party, the Indira Congress, which won two state elections in February 1978.

The victories re-established her as a major political figure and were the springboard to a sweeping victory in the January 1980 general election that restored her as prime minister.

After Gandhi's re-election, her party erased official records of her expulsion from parliament and halted the half-hearted attempts by Desai's government to prosecute her for corruption and misuse of power.

Like her father, Gandhi took a leading role on the world stage. She became chairman of the 101-nation Non-Aligned Movement last year and was a nominee for the 1984 Nobel peace prize.

She was an outspoken advocate of nuclear disarmament and North-South dialogue. But she had trouble keeping the peace at home, and the last few months of her life were among the most turbulent of her career.



Indira Gandhi, as photographed at a 1980 New Delhi political gathering by Jerusalem photographer Aliza Auerbach.



A six-year-old Indira Gandhi is seen here with the man who led India to independence, Mahatma Gandhi. Despite their identical names, the two were not related. Indira Gandhi was the daughter of India's first prime minister, Jawaharlal Nehru. (Camera Press)

Rajiv Gandhi groomed to succeed

NEW DELHI (Reuters). — Rajiv Gandhi, sworn in yesterday as India's prime minister only hours after his mother was assassinated, has an impeccable political pedigree but little experience of government.

Though the grandson of independent India's first prime minister, Jawaharlal Nehru, and great-grandson of another leading nationalist figure, Rajiv did not enter politics until after the death of his younger brother, Sanjay, in 1980.

But his mother lost no time in grooming him for the succession, which had seemed destined for the dynamic Sanjay.

Since his tentative beginnings, Rajiv, who studied at Cambridge University, has played an ever-greater political role and became a general secretary of the ruling Congress (I) Party early in 1983.

He is married to an Italian, and was an airline pilot until brought into politics.

Gandhi was born in 1945 and educated at an exclusive private school in northern India and at Cambridge. His father was Feroze Gandhi, a Parsee, unlike the Nehrus, who were Kashmiri Brahmins, a patrician Hindu caste.

Rajiv flew for the domestic carrier, Indian Airlines, until the 1980 crash of Sanjay in a plane crash shattered their mother's aspirations for her younger son and close adviser to become a political leader.

"I was very happy with the airlines. But after Sanjay's death there was a void in the party, and a feeling that only I could fill it," he said in a newspaper interview later.

In 1981, Rajiv was elected to Sanjay's former parliamentary constituency of Amethi in north India.

Sanjay's widow, Maneka, estranged from the late prime minister, formed her own political party and vowed to fight Rajiv in his constituency in general elections due in the next few months.

Hailed by party workers as India's hope for the future, Rajiv took centre stage alongside his mother at a national convention of Congress (I) last January. There was no doubt that he held the de facto Number Two position after her — a state of affairs confirmed by his swift assumption of power yesterday.

At the conference, Rajiv lashed out at opposition of both right and left, and assisted his mother in formulating an election strategy based on what the party calls "mass contact" with voters.

Later this year, he visited the troubled state of Punjab despite threats by Sikh extremists to kill him. He told Congress (I) workers not to be intimidated by extremists threats, but to go into remote villages to restore confidence in the party.

Despite his lack of direct experience in international affairs, he accompanied his mother on several trips abroad, including those to Washington and Moscow. He and his wife Sonia have two children.

Did Gandhi foresee death?

NEW DELHI (AP). — The night before Prime Minister Indira Gandhi was assassinated, she told a huge political rally, "If I die today, every drop of my blood will invigorate the nation."

The 66-year-old leader told the gathering in Bhubaneswar, a city in the eastern state of Orissa, that she was not interested in a long life but was proud that her life had been spent serving India.

In her speech on Tuesday night, reported by the United News of India, she referred to assassination threats against her. She said she was hit by a stone at a public meeting on Tuesday night.

"But I am not afraid of these things," she said. "I don't mind if my life goes in the service of the nation."

ASSASSINATION SHOCKS

(Continued from Page One)

Foreign Ministry, China described Gandhi as an "outstanding statesman" who tried to improve Indian-Chinese relations, strained for more than two decades.

President Mohammed Zia-ul-Haq, military ruler of Pakistan, a country with which India has fought several wars since the two became independent after British colonial rule, said he heard of the shooting with deep shock and horror.

Bangladesh's President Hossain Mohammed Ershad said he was in despair over the assassination.

In Paris, the French National Assembly suspended its session for five minutes as a mark of respect for the slain Indian leader.

The chairman of the Assembly's Foreign Affairs Committee, Claude Estier, said the killing could lead to destabilization in India that could spread through South Asia.

West German Chancellor Helmut Kohl said the world had lost a great leader of historical stature and expressed consternation at her "irreparable loss."

Egyptian President Hosni Mubarak was reported to have expressed his sadness over the assassination. Butros Ghali, Egypt's state minister for foreign affairs, said in a statement that Gandhi's death was "a great loss to the international community and all the noble principles underlying the Non-Aligned Movement."

Gandhi had been chairman of the Non-Aligned bloc since the New Delhi summit in March 1983.

In a statement read on Radio Damascus, Syrian leader Hafez Assad said he had learned of the Indian prime minister's death "with deep regret and sorrow," and noted his "high appreciation (of) Mrs. Gandhi's defence of Arab causes."

In cables sent to Indian President Singh and Gandhi's son, Rajiv, Lebanese Druse leader Walid Jumblatt said the assassination was "a criminal imperialist operation aimed at the disintegration of India." (AP, Reuters)

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Seven die, 39 wounded in Chile anti-gov't strike

SANTIAGO (Reuters). — Buses returned yesterday to Santiago streets littered with the debris of violent protests against Chile's military government. 24 hours earlier in which seven persons died, 39 were injured and 185 arrested, the police said.

Burnt-out tires and rocks were still strewn across major roads and side streets of the city's poorest neighbourhoods, where policemen clashed with demonstrators manning blazing barricades in defiance of a seven-hour curfew.

Opposition trade unions and leftist political groups maintained that their call for a general strike had been a success, but the government insisted that only intimidation had kept buses off the road and hampered normal activity.

Diplomats said the extent of disruption appeared to have taken everyone by surprise and was in that sense a victory for opponents of President Augusto Pinochet, who

are pressing for a quick return to democracy after 11 years of military rule.

The police said an eight-year-old boy was killed by a live electricity cable brought down during the protests, as was a 49-year-old man who went to help him.

Five other men were shot dead during demonstrations, four of them in the capital and one in the northern city of Arica. More than 90 persons have died since anti-government protests began in earnest 18 months ago.

Disturbances were reported in many provincial cities, especially at universities, which were also the scene of some of the worst incidents in Santiago.

Sixteen policemen, two of them with minor bullet wounds, were among the 39 injured and 38 police vehicles were damaged. The police said that eight of the 23 injured civilians were seriously hurt.

Last Libyan troops withdrawing from Chad

BEIRUT (Reuters). — All remaining Libyan forces have been withdrawn from the towns of Faya-Largeau and Fada in northern Chad, the official Libyan news agency Jana reported last night.

In a one-paragraph dispatch received here, Jana did not specify whether the Libyans had pulled completely out of Chad territory or had merely pulled back from the two towns towards the Libyan border.

France and Libya announced last month that they had agreed to pull out their forces from the African state by mid-November.

The Libyans were supporting

Chadian rebel leader Goukouni Oueddei with an estimated 5,000 soldiers. The French troops, numbering more than 3,000, were sent in to defend the government of President Hissene Habre.

Peace talks between Chad's warring factions ended in failure last weekend.

French troops have all pulled back to the Chadian capital, N'djamena.

The pull-out by the French and Libyans was due to be completed by November 9.

A Franco-Libyan liaison team has been meeting in the northern Nigerian city of Kano to monitor the withdrawals.

S. African police disperse crowds of black rioters

JOHANNESBURG (AP). — The police said they broke up crowds of rioting black youths at least six times yesterday in the worst unrest to strike the Eastern Cape Province since violence erupted two months ago.

A police spokesman in Pretoria said two black youths were killed in clashes on Tuesday. He said it was not clear whether a 14-year-old boy, whose body was found in the riotous black township of Jozza outside Grahamstown yesterday night, also was a victim of the rioting.

In the other two riot incidents, a 14-year-old youth was killed when policeman opened fire with birdshot on a crowd of youths who were stoning a high school in KwaZakale,

near Port Elizabeth. Another boy was fatally wounded in another clash between policemen and rioters in nearby New Brighton.

The government says at least 80 blacks have died in the rioting since late August over inferior black education and rent hikes in segregated black townships. The exiled African National Congress says at least 150 blacks have been killed.

Most violence has been confined to townships east and south of Johannesburg. But rioting broke out last week in townships around Grahamstown and Port Elizabeth, and the police spokesman said the unrest there Tuesday and yesterday "was definitely the worst in the eastern Cape recently."

Japanese premier elected for 2nd term

TOKYO (Reuters). — Japanese Prime Minister Yasuhiro Nakasone was formally elected unopposed for a second two-year term in office yesterday and promptly embarked on a cabinet reshuffle.

Parliamentary members of the ruling Liberal Democratic Party voted by acclamation for the strongly pro-western and relatively hawkish Nakasone to stay on as party leader until November, 1986, which automatically entitles him to remain as prime minister.

Nakasone, 66, immediately summoned a cabinet meeting to receive the resignation of all his ministers and clear the way for the announcement of a new government.

Party sources suggested the ministers of foreign affairs and finance were expected to stay in their jobs along with other leading department heads.

They said the only notable change was likely to be the replacement of Hikosaburo Okunuki as Minister of International Trade and Industry.

Britain departs 2 Libyans

LONDON (Reuters). — The British government said yesterday it was deporting two Libyans held by the police under the country's Prevention of Terrorism Act.

A Home Office spokesman said one man, Omran Ashur Zewed, 28, had been deported on October 19, and a second, Ali Kathry Othman, also 28, would return to Tripoli on

the next available flight.

The spokesman declined to give reasons for their deportation.

Press reports said Ashur Zewed was believed to be a senior intelligence officer in the Libyan secret police, while Othman had been questioned about a series of bomb attacks aimed at Libyan exiles in Britain.

LA anti-smoking law could get employers jailed

LOS ANGELES (Reuters). — The Los Angeles City Council yesterday approved a smoking law that could get employers sent to jail for six months if they fail to protect non-smokers.

The bill, approved by 12 votes to three on its final reading, would give employers of four or more workers three months in which to find ways to prevent smokers' smoke from bothering non-smoking employees.

The bill must be signed by Mayor Tom Bradley, who has said he will approve some form of smoking law.

Council members said that under the bill, employers could seat non-smokers away from smokers, put up partitions, provide smokeless ashtrays, improve ventilation or find other ways to protect non-smokers.

Smoking would be banned in lavatories and in at least two-thirds of the area of employee cafeterias.

Employers who fail to establish an acceptable smoking policy could, under the bill, be sentenced to six months in jail and fined up to \$1,000.

East-West troop reduction talks enter 12th year

VIENNA (AP). — Talks on reducing NATO and Warsaw Pact troop levels entered their 12th year yesterday, with no signs of progress on long-standing differences.

Disagreement on the number of troops each side has in Central Europe and ways of supervising partial withdrawal have stalemated the talks.

The West says its forces are outnumbered by about 200,000 Warsaw Pact troops. The East insists parity exists, at roughly 990,000.

The two sides regularly blame each other for lack of progress at the talks which concern troop levels in seven countries: the German Federal Republic, the German Democratic Republic, Belgium, the Netherlands, Luxembourg, Czechoslovakia and Poland.

FILM KNIGHT — David Lean, 76, Oscar-winning director of the film *Dr. Zhivago*, was knighted by Queen Elizabeth II for services to the British film industry in an investiture ceremony at London's Buckingham Palace on Tuesday.

COSMONAUTS — Soviet President Konstantin Chernenko presented medals yesterday to the three cosmonauts who set a space endurance record of 237 days, praising their flight as a great feat of courage and science. Last news agency said.

Sports

'Sudden Sam'

By DON GOULD
Post Basketball Reporter
TEL AVIV. — "Sudden Sam" Smith, the Ostende Brussels guard, who acquired his nickname because of the speed with which he releases the ball when he shoots, and who is claimed to be the best shooting guard in Europe, has said that he and his team are ready and waiting for Maccabi Tel Aviv.

The Belgian squad will get their chance tonight, when they are hosts to the Israeli champions in the first leg of two games. The overall winner of tonight's game and next week's return in Tel Aviv will enter the final six of the European Cup championship.

Ostende are currently in first place in the Belgian league after rounds. "Sudden Sam" played for the Rambling Rebels of Nevada Las Vegas, which is also the team name of Mickey Berkowitz. Both Kevin McEneaney and Lee Johnson are in the Tel Aviv squad, who are confident that they will return victorious from Belgium.

Tour jeopardised

NEW DELHI (Reuters). — England's cricketers, who arrived for a three-month tour today only hours before the assassination of Indian Prime Minister Indira Gandhi, were wondering tonight whether their matches could go ahead.

Team manager Tony Brown told Reuters: "I am awaiting assurances from the Indian Board of Control that matches in Punjab will be played and also on instructions from the (English) Test and County Cricket authorities and the Foreign Office."

Meanwhile, in Islamabad, a one-day Test between India and Pakistan was abandoned at lunch because of the assassination. India had scored 210 for 3 (Vengalekar 94 not out). In Chennai, West Indies beat a Western Australian Country XI by 61 runs, 68 runs, 86 in 75 minutes. West Indies 235 for 8, Western Australia Country XI 154 for 9.

Everton rock United

LONDON (Reuters). — Everton sustained their winning ways with their second success in four days over Manchester United, whom they bundled out of English soccer's League Cup 2-1 in a third round match.

It took a penalty by Graeme Sharp and a late own goal by John Gidman to give Everton success this time, after United seemed to be in control for some time when they took the lead through Alan Brazil in the 23rd minute.

Manchester 0, West Bromwich 0; Ipswich 1, Newcastle 1; Luton 3, Leicester 1; Manchester United 1, Everton 2; Northampton 6, Bolton 4; Queens Park Rangers 1, Aston Villa 0; Rotherham 0, Grimsby 0; Sheffield Wednesday 3, Fulham 2; Southampton 2, Wolverhampton 2; Walsall 2, Chelsea 2.

In Istanbul, Finland beat Turkey 2-1 (1-0) in a World Cup Group Three qualifying match.

Hana surprised

ZURICH (AP). — Czechoslovakia's top-seeded Hana Mandlikova was ousted by unseeded Beth Herr of the United States 6-3, 2-6, 6-4 in the first round of the \$150,000 European Women's Indoor tournament.

Herr, whose WTA ranking of 45 compares with the Czech girl's four, played aggressively through most of the 1 hour and 47-minute match. Following Kathy Horvath of the United States, Mandlikova was the second seed to be eliminated in the first round.

In Stockholm, American Vitas Gerulaitis became the first seed to crash out of the Swedish Open, losing to 19th seed, 6-4, 6-3, 6-0. In the second round, Gerulaitis lost to 19th seed, 6-4, 6-3, 6-0.

SPORTOTO

By PAUL KOHN
TEL AVIV. — Only eight punters managed to win last week's Sportoto football pool, each collecting \$58,200. The prize money was split between the winners of the pool, who had picked the correct results of the 13 games.

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Art expert deposed over forged heads

ROME (AP). — An art expert who authenticated three forged heads as the works of the late sculptor Amedeo Modigliani has lost his post as director-general of the National Gallery of Modern Art, Italian newspapers reported.

A spokesman for the Ministry of Culture described the action as a "normal transfer" unconnected to the scandal. But Rome's leading newspaper, *Il Messaggero*, and other dailies, called it a "punitive" action against Dario D'Amico, the mistaken art expert.

D'Amico and several other Italian art experts claimed that the heads found at the bottom of a canal in Leghorn, the artist's native city, in July and August, were authentic Modigliani works.

But it turned out that one had been sculpted and thrown into the canal by three students as a "practical joke." A dockworker claimed responsibility for the other two heads.

Organized crime 'rampant' in Australia

SYDNEY (Reuters). — A leading lawyer who headed a major investigation into organized crime and corruption in Australia said yesterday it was widespread and close to running out of control.

Frank Costigan was speaking on the eve of the release of the potentially explosive findings of a four-year official inquiry that could affect the outcome of the December Australian general elections.

"I learned it was far more widespread than I believed when I started this commission," he said.

Costigan has recommended the release of only five of the 11 volumes of the report and the Labour govern-

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On behalf of the Indian Community in Israel, we, the Indian Diamond Merchants, express our deep sorrow on the tragic death of our beloved

Prime Minister
INDIRA GANDHI

who devoted her life to the advancement of India and its people.

We extend sincere condolences to her family, to the President and the Government of India, and to all who loved and admired her.

Let us pray that her spirit of peace and progress will prevail.

Kirtilal M. Mehta
Ranjeet Barmecha
Haresh Jogani
Shantachand Dhadha

Rupen Bhansali
Nimish Mody
Thiagaraj Iyer

Art Ratz
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Founded in 1932 by GERSHON AGRON, who was Editor until 1955; Editor 1955-1974
TED LURIE, Editor 1974-1975 LEA BEN DOR, EDITORIAL OFFICES AND
ADMINISTRATION The Jerusalem Post Building, Jerusalem P.O. Box 81
(9100) Telephone 526181, Telex 26121, TEL AVIV 11 Rehov Nurim, P.O. Box 20126
(61207) Telephone 294222, HAIFA 16 Rehov Nurim, Hader Haamud, P.O. Box 4810
(31047) Telephone 645444, Published daily, except Sunday, in Jerusalem, Israel by The
Jerusalem Post Ltd. Printed by The Jerusalem Post Press in Jerusalem. Registered at the
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Mañana, mañana

FINANCE MINISTER Yitzhak Moda'i said last night that the package deal is not his main concern. What then, is?

Mr. Moda'i, it may be remembered, affirmed soon after taking office that the government had a comprehensive economic programme—that, in fact, he had found one ready-made in the Treasury, and had adopted it. In the seven weeks since the establishment of the national unity government, not only that plan, but half a dozen others, have disappeared.

An income policy based on a package deal is the most promising way of curbing inflation without having to go through the throes of deep recession. That is why everybody pinned their hopes on it. But a package deal by itself will not solve the country's economic problems. That is why the demand for a comprehensive economic programme was voiced. However, the demand remains unanswered.

Since the main thrust of a package deal is to cut real wages, and since a cut bigger than any that could be hoped for in the framework of a package deal has already taken place in the last two months, the government is in no hurry. The lower the real wage level at which an agreement is seriously discussed, the better the government's bargaining position.

That, it seems, is the main reason why the package deal is being debated to death.

There are, however, other reasons. It has been clear to all participants in the negotiations that the time lags of wage and price adjustments in a stabilization effort create "humps" of past cost increases that would make it difficult to freeze prices even if our inflation was much lower than it is.

The Histadrut has already agreed to reduce the "hump" of cost-of-living allowances based on the inflation of two months before the day on which a wage-price freeze is to come into force, by forfeiting one-third of the cost-of-living allowance, and thus reducing it to a 53 per cent compensation for past price increases.

There is, however, another "hump"—as important, from the business viewpoint, as that of wage costs, if not more—and that is the cost of finance. Interest rates on commercial bank credits are fixed on the basis of "expected" inflation. In real terms, they are now a multiple of the interest rates prevailing in international financial markets.

If and when a price freeze comes into force, the manufacturers will therefore be saddled with interest costs fixed during the period preceding the freeze. They therefore demand that interest rates be brought down as part of the wage-price freeze.

The Bank of Israel and the Treasury resist that, and this is where the stumbling block to an agreement now lies. The Treasury locked itself into the shekel-based package deal proposed by the two former governors of the Bank of Israel, Moshe Sanbar and Arnon Gafny, in order to retain its freedom to go on devaluing the currency. It could thereby also cut real wages beyond the agreed level. Now the central bank wants to hang on stubbornly to exorbitant interest rates in order to retain its hold on a restrictive monetary policy.

There is no question that monetary policy, which in Israel has always been accommodating, needs to be restrictive. This is particularly true of the period immediately following a wage-price freeze, because declining inflation will increase the value of money held by the public.

What is questionable, however, is whether interest rates are the most appropriate instrument for restraining monetary growth. Who in the Bank of Israel can nowadays tell for sure whether and to what extent high interest rates are merely passed on to higher prices, or whether and to what extent the contraction of demand for money leads to a reduction of output together with higher prices?

If the central bank wants to restrict credit (and it is doubtful to what extent it can do so, in an open economy that can borrow abroad in any number of legal and illegal ways), it has other instruments at its disposal, such as quantitative restrictions.

The issue of interest rates has, therefore, needlessly been made into a main bone of contention. It is not an issue over which a package deal should founder. What seems to be happening is that the government and the central bank are losing sight of the main short-run objective of economic policy—of at least slowing, if not stopping inflation. That is the pre-condition for everything else, because while inflation runs on at the present rate, even the budget cuts which the government sees as salvation, cannot be implemented.

The package deal that seems to be in its last gasps is, after all, no more than a temporary expedient, designed to give a breathing space of a few months, so that the more fundamental causes of inflation may be dealt with. Policy options and prerogatives that a government should not forgo in the long run can and should, however, be given up temporarily if that is needed for a successful incomes policy.

PERES RELIEVES MODA'I

(Continued from Page One)

the labour federation's fear that Treasury opposition to the proposed accord will keep it from being signed.

Peres's decision to relieve Moda'i of responsibility for such a central issue as the package deal may have political repercussions. Until now Peres has been said to have supported Moda'i in all cabinet discussions, as a means of wooing the Liberal Party.

Political observers say Peres was hoping to ensure Liberal support for the Alignment in the event of a break-up of the national unity coalition. The Liberal Party might prefer to leave the Likud than to follow Herut into the opposition, the observers argue.

Moda'i yesterday played down the package-deal negotiations, saying he is engaged in far more important things, such as the budget cut. But his fellow ministers did not agree with the low priority he put on the package deal. After a meeting of the Ministerial Economic Committee, Minister without Portfolio Yigael Hurvitz said Moda'i wanted

the ministers to deal with "marginal issues."

During the meeting Hurvitz asked Moda'i to survey the current state of the package-deal talks. But the finance minister refused, arguing that the package deal was not an urgent matter.

Moda'i failed to get the ministerial committee's approval for extending the freeze on government contracts for another three months. The freeze has been in effect since August, and in recent weeks has been the Treasury's main tool to impose savings on other ministries.

As has happened in the past, the committee turned down Moda'i's request to extend the freeze. Instead, the committee decided to refer the question to the full cabinet, which will deal with the issue next week.

Both Deputy Prime Minister David Levy and Tourism Minister Avraham Shariel opposed the proposed extension of the freeze on government commitments. They said such measures cannot come in place of a proper economic policy.

Levy said later he was willing to help Moda'i, but a clear policy must be presented.

RABIN ON SYRIANS

(Continued from Page One)

vent Katyusha rockets from being fired at Galilee villagers by remaining where it was today in South Lebanon, the inevitable consequence was to further exacerbate the present Shi'ite animosity against Israel.

He said in reply to a question that there is no possibility of taking legal action against the SLA Druse soldiers who carried out the Sukhmour massacre in September.

In the discussion, Victor Shemtov

(Mapam), Shevah Weiss (Alignment-Labour) and Ze'ev Hammer (National Religious Party) supported Rabin's statement.

Binyamin Ben-Eliezer (Alignment-Yahad) and Rafael Eitan (Tehiya) both said that Rabin was wrong with regard to Syrian intentions. Ben-Eliezer said that the IDF should withdraw unilaterally.

Abba Eban (Alignment-Labour), who is committee chairman, said the government should aim for what he called "a withdrawal under minimal conditions."

THE VIOLENT death which ended the remarkable career of the leader of the world's second largest nation and of the most populous parliamentary democracy is somehow tragically characteristic of Indira Gandhi's stormy life, replete with political upheavals.

Indira was groomed for national leadership from her early years by her father Jawaharlal Nehru, India's first prime minister and one of its founding fathers. For many years she was his chief assistant and accompanied him on his travels to meet the great leaders of the world. Politics became a way of life for her since early childhood.

She separated from her husband Feroze Gandhi—in no relation of the Mahatma—in the early years of their marriage to be able to devote her life fully to the "Panditji," as Nehru was called by his people. During the last years of the ailing Nehru's reign, Indira became his only link with the outside world, conveying and interpreting his wishes and commands. It was said at the time—twenty years ago—that had Nehru lived longer she may have succeeded him on his death.

SHE WAS 41 when Nehru made her president of India's Congress Party in 1959. When Lal Bahadur Shastri was chosen as India's prime minister in 1964, following Nehru's death, Indira Gandhi became Minister of Information and Broadcasting.

THE "SHEKEL package deal" continues to receive a massive battering by the major participants in the negotiations: labour, management and the government.

The architects of the plan, Moshe Sanbar and Arnon Gafny, had been designated to draw up an acceptable economic plan, both on account of their knowledge and the respect that could be expected to be tendered to former governors of the Bank of Israel.

It was reportedly Sanbar who betrayed the trust which had been placed in him. In his apparent anxiety to "sell" his programme to the Histadrut, he "neglected" to spell out its full implications to the Histadrut's Yisrael Kessar. In effect, Sanbar tried to lead Kessar down the garden path. This inexplicable action was, in some people's minds, connected with Sanbar's wish quickly to push through a plan without considering the necessity of meeting labour's basic credo: that the burden resulting from a concerted effort to curb inflation must be shared as equally as possible by all the parties concerned.

The irony is that the shekel package deal has many laudable points, and could probably have been

adopted, had the matter been better handled.

THE SANBAR fiasco only continues to underscore what many are pointing to as a lack of public and objective concern on the part of government and, in this case, former government personalities for solving the country's economic problems.

The shekel package deal relies on an implicit control of the system whereby wages are raised in line with the consumer price index. Clearly, any worsening of the present terms will have a negative impact on the wage earner's pocket. This is a sensitive point, and it must be dealt with fairly, objectively and by patient negotiation.

The government has again missed

INDIRA

By ARI RATH

But despite her relatively junior cabinet post, Indira soon began to fulfil major political missions in the short-lived government of the ailing Shastri. It was Indira Gandhi, and not prime minister Shastri, who continued her father's tradition of keeping open house every morning when people would come from all parts of the vast subcontinent to file their personal requests and grievances.

For the masses, the Nehru legend lived on in her and in their eyes she had assumed the mantle of the nation's leader, even while holding only the position of the fourth-ranking cabinet member. It was a foregone conclusion that Indira Gandhi should be elected India's prime minister in January 1966, following Shastri's death.

A MASTER of the political game, Indira knew how to apply the art of divide and rule to the utmost. Her soft-spoken voice belied her iron personality. She would wield power to the point of utmost ruthlessness that was often difficult to reconcile with the rule of democracy. She

survived the split in the ruling Congress Party in 1969 which tried to oust her from the premiership. But her ruthless, quasi-dictatorial emergency rule which she imposed in 1975, became her political undoing less than two years later when she suffered a humiliating defeat from the right-wing Janata Party coalition.

But it was not for a strong woman like Indira to accept defeat and give up her political career. Aided by her younger son Sanjay, she fought back, defying political pundits, as well as her country's courts, to stage an unprecedented, stunning political comeback.

Less than three years after her ouster, Indira Gandhi was back in January 1980 at the helm of her divided nation. She quickly perceived that the Janata Party coalition was bound to disintegrate, and she returned to power on the strength of her unique charisma which proved itself during a four-month gruelling election campaign.

The death of Sanjay in a plane crash only five months later was a

terrible personal and political tragedy for her, for she had groomed him to become her political successor. But again, her remarkably strong character prevailed and she made her older son, Rajiv, take Sanjay's place at her side to assure that a third generation Nehru will rule India after her.

AS A LEADER of the Third World nations, a position also inherited from her father who was among the founders of the Bandung conference, Indira Gandhi had an ambivalence and often hostile attitude towards Israel. Yet, despite this hostility, she did not sever the very precarious link of having an Israel Consulate-General in Bombay.

In a rare meeting with an Israeli journalist, I was privileged to spend some time with her twenty years ago when she was Minister of Information and Broadcasting. It was at her New Delhi residence, just after she had concluded her open house meetings with dozens of Indian citizens from all over the country.

India's strained relations with

Israel were the main subject of our discussion. In those days India's official explanation was that it was Pakistan's attempts to exploit the Kashmir dispute which prevented India from coming closer to Israel. Yet, Indira Gandhi admitted that it would be justified to have some Israel presence in New Delhi and approved a proposal that, as a first step, Israel station a senior Israeli correspondent in the Indian capital who would receive full accreditation and would have many doors open to him. It was Jerusalem's fault that this idea was never followed up.

YET, INDIRA Gandhi, like many Indian politicians and intellectuals, always maintained a certain infatuation with Israel which gained its independence from British rule the same year as India. Her condolence message when Golda Meir died in December 1978 perhaps revealed some of these sentiments.

Describing Golda as "a remarkable woman who guided her country with ability at a time of travail," Indira Gandhi wrote: "Even though we did not agree with her government's views on the question of the Arabs and of Palestine, I appreciate her qualities as a human being and as a woman leader. She was simple, sincere and liberal in her attitude, and became a mother figure of the people of Israel," wrote the woman who became the mother of India.

Histadrut-owned. Equally, their insistence on having a free hand in regulating the rate of devaluation smacks of a desire to maintain control. The only difference is that now they are dealing with the economic fate of this country and not competing in a popularity contest.

Their position is that by maintaining control, they will be able to fix the economy. Perhaps the economy does need fixing, but past experience, notably the developments of the past 21 months or so, does little to convince one that control over devaluation and interest rates has done the country any good. If anything, the government has been plunged into a deeper economic morass.

In a fluid and turbulent economy such as we have in present-day Israel, one cannot depend on a rigid, monolithic approach by the Bank of Israel or the Treasury. These institutions have apparently forgotten their inherent function of assisting, guiding and encouraging growth. Dictating to industry and labour is old hat. It is time the gnomes understood that.

The writer is a contributor to The Jerusalem Post on financial matters.

Rigid bureaucracy at the helm

By JOSEPH MORGENSTERN

the critical moment for achieving an agreement. There is, of course, considerable pressure to conclude a hasty deal: one signed and sealed only after the beginning of November will create the problem of which month's index is to be used in the calculation of wages.

Now, as the pressure builds up, the pivotal point on which negotiations are centred is the rate of interest and devaluation policies.

Prime Minister Shimon Peres, in his post-Washington tours of northern Israel, pointed out that by shouldering the required burden, Israel will once again move onto the road of economic recovery and subsequent economic growth.

Now most of us are firm optimists

by nature; this is one of the most important qualities required for living in Israel. However, not even the least sophisticated economic thinkers could be convinced by some of the curious oracles at the Treasury and the Bank of Israel who say that one can profitably manage industrial units with sky-high interest rates. Rates of interest must be "real," these bureaucrats insist.

That bankers should feel that way is understandable, since they are in the money-lending business and their own self-interest dictates their stand. But there is a gnawing suspicion the bureaucrats are afraid of relaxing the reins with which they control the economic health of the interest sector, whether public or

READERS' LETTERS

AGRICULTURAL AID TO LIBERIA

To the Editor of The Jerusalem Post: Sir, — According to The Post, Liberian-Israeli relations are being repaired, cemented by a familiar glue—agricultural aid. This is a close copy of the previous relationship which, 12 years ago, involved WRD (Water Resources Development Ltd.) in a rice development programme with the ministry of agriculture and the government of Liberia. I was a Peace Corps volunteer at that time working in the UNDP rice research programme. I was able to observe the results of the WRD (Agrimeco) rice development programme. The story was complex, as those who are involved in developing countries know.

Ostensibly, Agrimeco was in Liberia to aid in the country's development, including the agricultural sector. However, the agricultural programme was an economic, sociological and ecological disaster. The programme involved clearing vast areas of bush in order to make large amounts of land available for upland rice cultivation. The addition of fertilizer, improved varieties of rice and Chinese technical help were supposed to get Liberia off to a flying start in self-sufficiency in rice.

However, the "experts" did not take into account the nature of the land and tropical soils which are not particularly fertile and are certainly not suited to an extended cropping system.

Under traditional methods of agriculture, slash and burn methods are used to clear the land for planting, the fields are cropped for one year, sometimes two, then allowed to revert to bush.

Previous projects which tried to change extensive traditional methods to capital- and labour-intensive programmes failed, leaving large areas of formerly productive land unusable. Unfortunately, the Agrimeco project had the same results.

Ecologically, the programme did a lot of damage and there were other sociological, economic problems as well. For example, the cost of fertilizer, essential to the continuation of adequate yields, was far above what an average farmer could pay. Cooperatives, thought to be the answer to the programme's administrative problems, founded on personal and tribal rivalries and petty thievery. There were no community development programmes, no self-

help programmes and only an ineffective and inefficient agricultural extension programme. There was also the rumour that it was cheaper to import rice than to grow it, raising questions about the feasibility of the whole project and who was getting rich from it.

There were other rice development programmes, (not WRD's) swamp or irrigated rice projects, which, due to different soil and methods of cultivation, and to UNDP technical advice, were much more successful. That is not to say that any rice project is a waste of time and money; rather, that a poorly planned one surely is.

I doubt that any review was made of the last project, since I understand from companies invited to work again in Liberia that they will be involved in upland rice projects and land clearing.

I feel obligated to speak out at a time when Israel's economic situation is so unstable. An ill-planned programme is an unfortunate waste of money and does nothing to improve Israel's reputation in Africa, which is the reason for the whole undertaking anyway.

K. NADLER
Haifa

CALL FOR DIALOGUE

To the Editor of The Jerusalem Post: Sir, — False accusations are distressing at any time. When the accusation is reinforced by appearing in two different articles in the same newspaper on the same day, and that day happens to be Erev Yom Kippur, the distress is multiplied. And this is even further increased when the accusation is conveyed not even as a charge to be responded to, but as an absolute fact taken for granted.

In the news section of October 5, a full page was devoted to interviews with Orthodox rabbis (only) on religious pluralism; and your leading, full-page review in the magazine discussed Rabbi Eliezer Berkovits' recently published book. In the course of arguing against the unusual broadmindedness of that particular rabbi, your reviewer says: "Can disbelief in Tora min ha-shamayim—and most Conservative and Reform rabbis do not believe in it—lead to yirat shamayim? Similarly, your interviewer, in explaining Rabbi Berkovits' argument that halachic conversion if properly performed even by non-Orthodox sinners is necessarily valid, includes the following: "...because the Conservative or Reform rabbi does not believe in revelation at Sinai."

This is very serious non-truth. To the best of my knowledge, the majority of Conservative rabbis believe in revelation at Sinai—as in all

likelihood do the majority of Orthodox rabbis. A significant number of Conservative (M'sorati) rabbis, including this writer, live in Israel and are readily accessible for verification of this fact.

It is interesting that Orthodox rabbis will happily talk about us but will not officially talk to us. Perhaps, since they (and similar laymen) instinctively know truth—they need not be bothered with anything so mundane as concern for facts.

If the purpose of newspaper space is polemic in an ongoing battle, then it makes sense for the Orthodox side to want to monopolize space and avoid anything approaching dialogue with its Jewish foe (one wonders if there isn't greater readiness for dialogue with the Jordanians and Syrians). This necessarily leads to a freezing and publicizing of misconceptions. On the other hand, if there is sincerity in the widely over-used term "unity"—then there must be genuine dialogue so that we can begin to accurately understand both our areas of agreement and our areas of disagreement.

Really, isn't it a major exploration to fail to involve Orthodox rabbis? Rabbi JOSEPH President (Conservative) Rabbinical Assembly Safad.

DANOT COMPANY

Danot's subsidiary, FIBI, the Gil and Kimche group emerged as apparent saviours.

Gil was an Israeli businessman who, with his Swiss partner, Roland Kimche, an ex-banker, had recently bought control of the Etz Lavud concern (owners of Laser Industries and Cyclone) and the Arieh insurance company.

The deal, to be executed through Arieh, was itself complex and multi-layered, but its main thrust was to make Gil and Kimche, through Arieh, the largest single group in Danot, while not removing the original founders from the scene.

The terms, subject to final approval by the licensing committee of the Bank of Israel, required the buyers to pay \$15m. immediately and \$15m. more in 1988.

The first tranche, as noted, was required to relieve the pressure on Danot from its creditors, primarily Bank Leumi. With its cash crisis resolved and after taking other steps to turn itself round, Danot hoped to achieve survival and, ultimately, growth.

But it was not to be. Gil decided to pull out of the deal after replacing Golan as managing director of both Danot and FIBI and occupying these positions for only a few months.

The official announcements, from the Bank of Israel and from Arieh and Danot to the stock exchange yesterday, put the blame for the collapse of the deal on the refusal of the bank's licensing committee to grant Gil's request that the license be free of all restraining conditions. The deal died when the vital Bank of Israel approval was not forthcoming.

Analysts in Tel Aviv, however, believe that Gil used the issue of Bank of Israel approval as an excuse

to ensure that the deal would not go through. He made demands that he knew to be unacceptable to the central bank. Two possible reasons were mooted for this course of action, without the one ruling out the other.

First, it is possible that in Gil's brief spell as boss of Danot, he discovered the state of the company to be even more parlous than he had been led to believe, and sought an opportunity to beat a hasty retreat.

It is also possible, and the latest revelations on the fore-closing of Gil's assets support this, that his own affairs are under pressure from the worsening economic climate.

Thus, for example Tuesday's edition of the business daily Yom Yom carried a story that one of Gil's companies faced a claim for IS135m. from Union Bank and that the claim extended to Gil himself in his role as guarantor.

The Jerusalem Post has learned that as soon as the \$15m. that had been earmarked for transfer to Danot became free, following news of the collapse of the deal, Union Bank and Discount Bank slapped foreclosure orders on the money. Sums mentioned were \$3m. for Union and \$7m. for Discount, although these could not be verified.

It would therefore seem that both Danot and Gil are in deep debt. Danot is back where it was in early July, having lost precious time and with its bargaining stance badly damaged, by the continuing decline in the economy as well as by other factors.

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